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August 1, 2006

BY EMAIL AND U.S. MAIL

Dominique N. Thomas
Alschuler Grossman Stein & Kahan LLP
1620 26th Street
Fourth Floor, North Tower
Santa Monica, CA 90404-4060Re: *Netflix, Inc. v. Blockbuster, Inc.*, Case No. C-06-2361 WHA;
United States District Court for the Northern District of California

Dear Ms. Thomas

I write in response to your letter earlier today to Jeff Chanin, who is in Asia for business.

Our filing of the amended complaint dated July 26 appears to have been premised on an oversight. We misread Judge Alsup's Case Management Order to provide that pleadings may be amended on or before July 28. We will immediately seek relief from the scheduling order and leave to file the amended complaint to correct this mistake and apologize for any inconvenience it may have caused. Besides correcting typographical errors, the only change we introduced to the amended complaint was to add a claim for willful infringement with respect to the '381 patent. Please let us know as soon as possible whether BBI will stipulate to our filing this motion.

Regarding our preliminary infringement contentions, our first correction was to fix the claimed priority date, which was a clerical error occasioned by Daralyn Durie's absence from the office at the time we first served our contentions. Our second amendment was for the purpose of including Bates ranges to update and conform the disclosure to our document production, which was ministerial and indeed discussed with Bill O'Brien of your office. Please let us know whether it is BBI's position that NF requires leave of court for these amendments to the preliminary infringement contentions.

Very truly yours,



Leo L. Lam